

Professional Support Services



Federal Supply Schedule 872 — Auditing and Financial Management Services
Federal Supply Schedule 874 — Management, Organization, and Business Improvement Services!

**KPMG PROVIDES SERVICES TO THE LIBRARY OF CONGRESS USING
GSA SCHEDULE**

KPMG LLP's financial audit of the Library of Congress for fiscal year 1996 helped the Library begin to realize that it needed controls over its heritage assets, more commonly referred to as its collections of books, prints, and other Americana.

Then the Library suffered a well-publicized series of thefts in 1997 and 1998. The Library asked KPMG for assistance in improving collection security. The Library acquired KPMG's services using two GSA schedules, the MOBIS and AS/FMS.

KPMG developed a risk-based approach to identifying threats to the safeguarding of the collections. The project began by specifically defining risks related to collections safeguarding and identifying which types of collections were more vulnerable to risk than others. KPMG conducted interviews with Library personnel and performed walkthroughs of collection management processes to understand the control environment and identify control weaknesses. Risk was identified on a control-by-control basis and communicated to Library management. Management then decided which risks could be tolerated and which could not. They developed an action plan to address the control weaknesses that could not be tolerated.

This process was an important step in the Library's efforts toward overcoming control weaknesses because it identified where management needed to focus its efforts toward reducing risk. In fact, an interest in this process led to a report titled "Managing Cultural Assets from a Business Perspective." This report was written jointly by KPMG LLP and the Council on Library and Information Resources and published in March of this year.

Today, Federal entities like the Library of Congress operate in a dramatically changed environment. They allocate resources more carefully, deliver innovative services more quickly, and

communicate performance to constituents more regularly. This environment presents Federal Government managers with distinct challenges—and opportunities. Firms like KPMG and procurement schedule programs like GSA's can help Federal managers take swift action to meet the challenges and capitalize on the opportunities.

KPMG's Public Services Assurance practice has developed a keen understanding of Federal Government audit, accounting, and financial management needs. The firm has served the Federal Government for nearly 100 years, and leverages its knowledge and experience to deliver multidisciplinary accounting and financial management services to Federal entities. KPMG's resources include a number of tools to help Federal Government clients improve their operations: business process analysis, redesign, and reengineering; cost accounting and resource management; performance measurement and analysis; information systems design and implementation. KPMG is committed to helping clients improve their financial and operational functions through the application of procedures tailored to fit each client's unique circumstances.

For more information on KPMG's Public Services Assurance practice and how the firm can help improve an agency's financial and operational functions, please contact:

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F U N C L I P S

*The largest employer in the world is the Indian railway system,
employing over a million people.*

[Source: Documentary on Indian railways]

Federal Supply Schedule 621 Financial Asset Services

BID4REAL BRINGS ONLINE SPEED TO REAL ESTATE ACTIONING

There is a faster, easier and less expensive way to buy and sell real estate and, as is true with most innovations these days, it uses the internet. bid4real, at www.bid4real.com, is an online marketplace for buyers and sellers to auction and purchase real estate. bid4real gives its users the functionality of offline auctions with the speed and efficiencies of the internet.

bid4real is a venture affiliated with Rick Levin & Associates, Inc., a Chicago-based real estate auction marketing firm. Rick Levin & Associates, Inc., is active in all aspects of the real estate auction business including selling vacant land, commercial and industrial property, developer close-outs of homesites, condominiums and single family residences. The company also works with individuals, real estate developers, private sector corporations, US Bankruptcy Trustees, Federal, state and local governments, municipal corporations, banks, institutional lenders and insurance companies. In addition, Rick Levin & Associates, Inc., is one of the few organizations authorized by the General Services Administration to sell Federal property.

"The auction process is an extremely efficient way to buy and sell real estate," said Rick Levin, President of Rick Levin & Associates, Inc., and co-founder and CEO of bid4real. "Through bid4real we are striving to increase those efficiencies."

Through bid4real, buyers can get more in depth information than is readily available with offline auctions. The site offers research tools, a real estate glossary, loan and mortgage information and community statistics on crime rates and local schools. In addition, potential buyers can take virtual tours of the properties. Registering to become a bidder is simple, quick and entirely online.

bid4real also offers more choice than other online options as it lets users decide whether or not they want to use a broker in their transactions. Many online options do not offer this choice.

The site is a highly secure exchange for many types of real estate. Buyers and sellers of commercial property such as office buildings, multi-unit dwellings and industrial sites can benefit from using bid4real. In addition, those focusing on residential real estate can seek or offer improved homesites, new construction and foreclosed property. Developers, builders, government entities, financial institutions, corporations, rehabbers and investors can all use the site to more easily and more cost-effectively sell and buy property.

"Buying and selling real estate can be a laborious transaction from the initial research to closing the deal," said Levin. "With bid4real, both buyers and sellers can use the auction process online to make the transaction faster, easier and less expensive."

Currently, bid4real is focusing on the Chicagoland market but is quickly expanding across the country. For example, properties from the Baltimore and South Florida areas will be featured on the site in the near future.

To increase the number of properties available for auction, bid4real actively develops partnerships with government entities to help them sell both commercial and residential real estate. One recent partnership is a pilot program with the Public Administrator's Office of Cook County, Illinois. The Administrator's office is the entity responsible for selling the property of citizens who die without a will or whose heirs cannot be located. After decades of holding live auctions, the County and bid4real will use the internet to make the auction process more streamlined and cost-effective. With online auctions, buyers will no longer have to wait for the twice per year live auctions. Buyers also won't have to physically attend the auctions and can now bid on real estate from anywhere, at anytime. As an added cost savings, the County will no longer have to produce expensive printed materials promoting the auctions and the property for sale.

Another organization that uses bid4real is Martin Oil, based in Alsip, Illinois. Martin Oil is auctioning off five commercial landsites in Illinois and Indiana. The company chose bid4real because of its increased access to potential buyers as well as lowered costs for the company.

"We are excited to have the opportunity to cost-effectively accelerate the sales process with the capabilities of bid4real and their online marketplace," said Harry Vasels, Vice President, Martin Oil. "We believe bid4real's system will place our properties in front of more serious buyers while reducing our administrative efforts."

While real estate is the ultimate brick and mortar business, bid4real brings the speed and accessibility of the internet to the auction process and, thereby, increases its efficiency for both buyers and sellers.

For more information about bid4real or to participate in a practice auction, please contact:

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GSA Contract Number: GS-23F-J0016

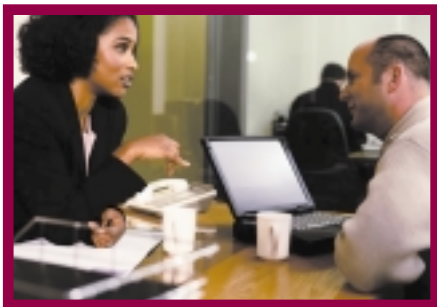
Federal Supply Schedule 872 Auditing Services and Financial Management Services

RECOVERY AUDITING IN THE PUBLIC SECTOR

By Paul Dinkins, Executive Vice President
The Profit Recovery Group International, Inc.

Every year, private and public companies lose tens of millions of dollars through errors in overpayments to suppliers. It is a fact that every purchase and bill paying organization, regardless of size or quality, experiences this problem. Whether through oversight, human error or systemic problems, organizations are unfortunately losing dollars through holes in their purchasing process. Government agencies are no different.

Thankfully, a significant effort is underway to assist government agencies in identifying and recovering overpayments made to suppliers. The process is known as recovery auditing and it is a technique that has been popular in the private sector for 30 years. It is a specialized professional service that identifies and recovers overpayments and underdeductions made to suppliers. Recovery auditing makes sense in the public sector for much the same reason it has become so prominent in private industry — volume purchasing.



The leader in the recovery audit industry is The Profit Recovery Group International, Inc. (PRG), a public company headquartered in Atlanta, Georgia. PRG first began providing recovery auditing services to the retail industry. Given the sheer number of purchase transactions that most companies make to stock their stores, or manufacture their products, it is inevitable that they may overlook an already-negotiated discount. These discounts may be in the form of seasonal allowances, volume discounts, rebates or other concessions. Oftentimes companies fail to take advantage of those price breaks through oversights. The margin for errors is compounded by the fact that a company may turn its inventory several times each year and purchase products from thousands of vendors. Overpaying by only fractions of a cent on each item can result in millions of dollars in lost earnings and erode profit margins.

Most commonly applied in large purchase and payment environments, the error rates recovery auditing uncovers are typi-

cally small. However, a small error rate becomes meaningful in large environments. For example, most large private sector purchase and payment organizations have an accuracy level of 99.9 percent. The error rate .1 percent becomes meaningful as it represents one million dollars of loss per one billion dollars of purchases.

Working closely with leading companies allows Profit Recovery Group (PRG) to bring best practices from different industries to bear for its clients and has given PRG auditors tremendous experience working through the details of large budgets. Overpayments happen in all purchasing environments and the use of recovery auditing should not be viewed as an assessment of job performance. Recovery auditing deals with tenths of a percent. It is simply the billions of dollars in expenditures by government agencies that make the potential recoverable sums so large.

Everyday more large organizations utilize recovery audit professional services. PRG has served over two thirds of the Fortune 1000 companies in the United States and major companies in 43 other countries. The use of recovery auditing throughout the Fortune 500 emphasizes recovery auditing's role as a financial management best practice.

Recovery auditing in the public sector has gained momentum on a number of fronts. The General Accounting Office publicly supports this practice throughout the Federal Government and has helped facilitate it by creating a multiple awards schedule for recovery auditing suppliers.

For example, in fiscal 1997 the Department of Defense (DoD) made purchases from outside suppliers totaling \$170 billion. If a standard estimated recovery rate of .3 percent is applied to this amount, the potential for recoveries throughout the DoD alone totals \$510 million annually.



In March 2000, H.R. 1827, The Government Waste Corrections Act of 2000, passed the House unanimously 375 – 0. The legislation, introduced by Rep. Dan Burton (R-Ind.), chairman of the House Government Reform Committee, provides recovery auditing for every government agency that purchases over \$500 million in goods and services per fiscal year. The Senate is expected to pass the legislation later this summer, granting the bill into law.

Federal Supply Schedule 872 Auditing Services and Financial Management Services

RECOVERY AUDITING IN THE PUBLIC SECTOR (CONT'D)

The payoff is clear. Recovery auditing is a proven method for ensuring that the best financial management practices are brought to bear for your agency and that the most efficient use is made of tax dollars.



It cannot be stressed enough that recovery auditing is not an exercise in faultfinding. It is simply an acknowledged, effective method for maximizing the financial performance of an organization. Profit Recovery Group alone works with a majority of the Fortune 500, so using recovery auditing is hardly a sign of a poorly run organization. It is quite the opposite. In the high-volume purchasing environments of major corporations and large public agencies there is no way to avoid overpayments. Less than half of one percent of a multi-billion budget hardly indicates poor management. Recovery auditing is a primary way for an organization to ensure that it is following the best financial management practices available.

Implementing a new program in a government agency can take 4-5 years, so it is critical for government agencies to act quickly to begin recovery auditing, before too much money is lost. The payoff comes from the tremendous volume of purchasing prevalent in today's large corporations and government agencies. For an entity purchasing defense equipment with a price tag in the hundreds of millions, missing a small price break can mean an overpayment of a few million dollars.

The Profit Recovery Group International, Inc., headquartered in Atlanta, Ga., is the leading worldwide provider of accounts payable and other recovery audit services. PRG operates in 43 countries, has almost 3,000 employees and was recently selected as one of *Fortune* magazine's "Fastest Growing Companies" and as one of *Forbes* magazine's "200 Best Small Companies."

For additional information on PRG, or its government services, please contact:

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F U N C L I P S



What is the one place where the American flag flies 24 hours a day, is never raised or lowered and is never saluted? Answer: The Moon!

[Source: Trivia Digest]

Mark Your
Calendar

GSA

Outreach Europe 2000

GSA's Overseas Products & Services Exposition
with Professional Development Seminars

17-19 October 2000

PATRICK HENRY VILLAGE, HEIDELBERG, GERMANY



Exposition Highlights:

- America's Leading Suppliers of
- Appliances
- Athletic and Recreation Equipment
- Cleaning and Industrial Supplies
- Computer Equipment and Solutions



- Food Service Products and Equipment
- Furniture
- Office Supplies
- Tools and Hardware
- Travel Services



Program Tracks:

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- Hot Industry Topics
- Purchase Card and More

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